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April 23, 2010

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AZ CORP COMMISSION

Daniel G. Ostroff DOCKET CONTROL
Senior Staff Regulatory Analyst
XO Communications Services, Inc.
13866 Sunrise Valley Drive
Herndon, Virginia 20171

Via E-mail and United States Mail

Re: Staff's Letter of Insufficiency and First Set of Data Requests to XO Communications Services, Inc. - Docket No. T-04302A-10-0142

Dear Mr. Ostroff:

A tariff change filed by XO Communications Services, Inc. on April 13, introduces an Administrative Service Charge in Arizona Tariff No. 6 that is of concern to Staff. At this time, Staff believes that the tariff change is a Maximum Rate increase and, therefore, subject to Title 14, Article 11 (Competitive Telecommunications Services) of the Arizona Administrative Code. Before Staff is able to complete its analysis and associated report, additional information is required.

As a competitive telecommunications provider, XO is subject to Title 14, Article 11 (Competitive Telecommunications Services) of the Arizona Administrative Code. Section 1110 of Title 14, Article 11 describes the procedure for applying to the Arizona Corporation Commission ("ACC") for an increase in the maximum rate for a competitive telecommunications service.

For purposes of this data request set, the words "XO," "Company," "you," and "your" refer to XO Communications Services, Inc. and any representative, including every person and/or entity acting with, under the control of, or on behalf of XO Inc. **For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.**

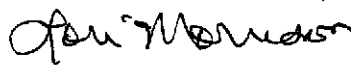
These data requests are continuing and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that should come to your attention after you have provided your initial responses. Also, please make sure all information you provide in response to item(s) concerning this Application, including Staff's data requests, is updated and current. If you need to update your response to any item(s)/request(s), please reference the item(s)/request(s) and provide your current response(s).

Please provide Docket Control with the information being requested within 10 days of the date of this letter. Mail the original responses plus 13 copies of the responses per docket number to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927 and email a soft copy of the responses to Lori Morrison at lmorrison@azcc.gov. If no response is received or all deficiencies are not remedied within 60 days, Staff will recommend that the Application be terminated as per Rule R14-2-1103(B)3 and R14-2-510(E)3. If the Application is terminated, the Applicant will not be authorized to provide

the requested telecommunications services in the state of Arizona for which it is applying, until such time as a new Application is filed with and approved by the Commission.

Please also understand that rate changes do not become effective until they are approved by the Commission and that information submitted for a tariff rate increase is normally made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If XO needs to provide confidential information, please contact me at (602) 542-2177 or email lmorrison@azcc.gov. Thank you for your prompt response to this request.

Respectfully,



Lori Morrison
Utilities Consultant
Utilities Division

Attachment

CC: Docket Control Center (Original and Thirteen Copies per docket number)

STAFF'S FIRST SET OF DATA REQUESTS TO
XO COMMUNICATIONS SERVICES, INC.
DOCKET NO. T-04302A-10-0142

In addition to a paper response, all information responses should also be provided in searchable PDF, DOC or EXCEL files via email or electronic media.

Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this application, the following information must be submitted:

- STF 1.1 Please explain in detail how the addition of the proposed Administrative Service Charge would not be considered a rate increase to affected customers.
- STF 1.2 The description of the Administrative Service Charge states its purpose is to help recover expenses associated with providing, maintaining and ensuring quality service.
- a. Please identify and discuss in detail the expenses associated with providing quality service that the proposed new charge will recover.
 - b. Please identify and discuss in detail the expenses associated with maintaining quality service that the proposed new charge will recover.
 - c. Please identify and discuss in detail the expenses associated with ensuring quality service that the proposed new charge will recover.
 - d. Please explain in detail why XO's current rate levels for monthly rates for service do not recover the costs associated with providing, maintaining and ensuring quality service.
 - e. Please explain in detail why XO is proposing to add a new charge to monthly bills rather than raise rates for services which are not currently at the maximum allowed levels.
- STF 1.3 How many of XO's customers will be impacted by the proposed charge?
- STF 1.4 Please provide a copy of the notice XO has sent or intends to send its impacted customers.
- STF 1.5 What is the estimated annual and monthly revenue impact associated with the application of this charge?